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Hungary

STABILITY OF THE FORINT
(9 pp, German, undated)

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This [redacted] document deals with the author's speculations on the stability of the Hungarian currency. It comes to the conclusion that the Hungarian government, with the concurrence of Jenő Varga, the well-known Soviet economist of Hungarian birth, is determined to maintain the stability of the forint.

The author's starting point is the thought that the huge investment program has placed enormous strain on Hungarian finances and has given rise to inflationary tendencies which jeopardize the stability of the currency. Zoltan Vas, President of the National Planning Office, and Karoly Olt, Minister of Finance, had plans of devaluating the forint, but these plans were subsequently overruled by Jenő Varga.

Instead of currency devaluation, Hungary has instituted a large-scale deflationary policy, including a forced national loan; reduction of pensions; a drive to reduce production costs; enforced saving; reduction of real wages; and an organized spending spree among the population, aided by the spreading of devaluation rumors.

With a view to combating inflation the Hungarian government also authorized the national enterprises to plow back part of their profits into capital investments; organized new savings banks; curtailed currency circulation; and nationalized privately-owned buildings.

The author concludes by hinting at the possibility of a tie-up of the Hungarian currency with the ruble.

Foreign language document or microfilm of it [redacted] is available from CIA

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